

INFORMATION BULLETIN

WORKFORCE INVESTMENT ACT

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TO: WORKFORCE DEVELOPMENT COMMUNITY

SUBJECT: PROPOSED DISLOCATED WORKER 25 PERCENT FUNDING POLICY

The purpose of this communication is to inform the workforce development community of the proposed Dislocated Worker 25 Percent Funding policy developed by the California Workforce Investment Board's (State Board) Dislocated Worker 25 Percent Workgroup (Workgroup). This policy will be deliberated during the State Board's May 18, 2004 meeting.

BACKGROUND

The State Board established the Workgroup to recommend policy that guides and defines a workforce system that provides effective Rapid Response and ensures timely additional dislocated worker assistance to areas in need. On March 29 and April 15, 2004, the Workgroup met to develop a recommended policy beginning with Fiscal Year (FY) 2004-05. The draft policies and implementation strategies resulting from those meetings were provided in Information Bulletin [WIAB03-80](#), to allow all interested parties to comment on the Workgroup's recommendations. A compilation of the comments received in response to WIAB03-80 (*Attachment 1*) and a summary of those comments (*Attachment 2*) were provided to the Workgroup and were deliberated during the May 7, 2004 meeting, which resulted in the Workgroup's final recommendations to the State Board.

At their May 7, 2004 meeting, the Workgroup revisited the reasons for the development of new policy and procedures for the use of the Workforce Investment Act (WIA) dislocated worker 25 percent funds. The Workgroup agreed that in addition to providing recommendations for a policy framework for California's Rapid Response system, the following reasons initiated the need to change policy and procedures:

- To ensure that every WIA has at least a minimum level of capacity to support Rapid Response.
- To implement a more accurate method, based on more timely information, of allocating resources so that funding follows changing needs.
- To allow more flexibility – with responsibility for implementation and accountability for results – at the local level for blended approaches to rapid response, and to remove administrative barriers that create unnecessary separations between “required” and “allowable” activities in the allocation and use of funds.
- To improve the timeliness of resource allocations to local areas by allocating the maximum percentage of resources at the beginning of the year.

- To continue to maintain “Additional Assistance” funding for layoffs occurring during the year that require additional resources.
- To ensure the funding of projects that support the State’s priorities.

Below is a summary of additional points of agreement reached during the course of the Workgroup’s deliberations that are either not reflected in or provide clarification to the above reasons. These are provided because they are important for understanding the basis of the Workgroup’s recommendations.

ADDITIONAL POINTS OF AGREEMENTS

- The Governor should reserve the maximum allowable percentage of WIA Dislocated Worker funds to support Rapid Response and Additional Assistance.
- Local Workforce Investment Areas (LWIA) should be protected to a reasonable degree from large year-to-year Rapid Response funding losses.
- Distribution of 25 Percent Rapid Response funds should support the timely provision of services.
- Additional Assistance funding should be distributed in a timely manner as needs arise and in accordance with the law and State priorities.
- The process for developing and forwarding policy recommendations to the state workforce board and the Governor must be open and transparent and a partnership between the state and local workforce areas.

The key changes resulting from the May 7 meeting include:

- An increase in the allocation of baseline funding, from \$96,000 to \$115,000, for each LWIA.
- A reduction in supplemental baseline allocation, from \$96,000 to \$50,000, for each additional county in multi-county LWIAs.
- A hold harmless provision for implementing the new policy that establishes a “ceiling” and “floor” to mitigate extreme gains and losses from year to year. The hold harmless provision would apply to the total allocation amount an LWIA receives for both the Baseline and Dislocation Events methodologies under “rapid response”. LWIAs would be limited to a gain of no more than 100% and a loss of no more than 25%. For FY 2004-05, the hold harmless will be calculated using FY 2004-05 allocations for Baseline and Layoff funding compared to the PY 2003-04 Baseline and Required Activities funding.
- Funding to fulfill the hold harmless provision would be drawn from the Competitive Priorities methodology.

POLICY

On May 18, 2004, the State Board will consider the adoption of the following Dislocated Worker 25 Percent Funding policy, which includes the following four components and related recommendations:

1. Dislocated Worker 25 Percent Set-aside

The State set-aside 25 percent of the dislocated worker funding for California's Rapid Response System and for additional assistance to dislocated workers in the local areas. Further recommend that one-half of the Dislocated Worker 25 Percent set-aside be reserved for Rapid Response activities and one-half be reserved for additional assistance to local areas, as permitted in WIA.

2. Definition of the Role of the Rapid Response System

Define the role of the Rapid Response System as outlined in *Attachment 3*.

3. Rapid Response System Funding Allocation

Allocate Rapid Response funds in three parts using the following three methodologies:

- Baseline funding to each local area for the coordination of rapid response activities. This methodology will ensure funding, at minimum, for a rapid response coordinator in each local area. This funding will allow for both the responding to and aversion of worker dislocations.
- Layoff-based funding for LWIAs that serve regions where significant numbers of dislocation events occur based on quantitative data. This methodology will ensure California meets WIA requirements to provide services to assist groups of workers affected by mass layoffs, permanent business closures and natural or other disasters.
- Hold Harmless and Competitive Priorities funding to minimize funding losses from year-to-year and to support projects proposed by LWIAs that submit grants according to the Rapid Response priorities recommended by the State Board and adopted by the Governor. (*Attachment 4*)

4. Dislocated Worker Additional Assistance

Allocate the Dislocated Worker Additional Assistance Funds based on the criteria outlined in *Attachment 5*.

If you have any questions, please contact Javier Romero at (916) 324-3277.

/S/ BOB HERMSMEIER

Chief

Workforce Investment Division

Attachments are available on the Internet:

1. [Rapid Response Policy—Input Requested](#) (PDF)
2. [Summary of Recommendations Regarding 25 Percent Funding](#) (PDF)
3. [Role of the California Rapid Response System](#) (PDF)
4. [Priorities for Rapid Response Competitively Funded Projects](#) (PDF)
5. [25 Percent additional Assistance Funding Approach](#) (PDF)